

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2013-02  
PUBLIC CONTRACTS (K-14)  
SCHOOL DISTRICTS  
JANUARY 3, 2013  
REVISED JULY 1, 2014

In accordance with Government Code (GC) sections 17560 and 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state-mandated cost programs. This document contains claiming instructions and forms that eligible claimants must use for filing claims for the Public Contracts (K-14) (PC) program. The Parameters and Guidelines (P's & G's) are included as an integral part of the claiming instructions.

On May 25, 2012, the Commission on State Mandates (CSM) adopted a Statement of Decision finding that some of the test claim statutes and regulations impose a reimbursable state-mandated program upon school districts and community college districts, in specified circumstances, within the meaning of article XIII B, section 6 of the California Constitution and GC section 17514.

### **Exception**

There will be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

### **Eligible Claimants**

With the exception of community colleges and county offices of education, any school district, as defined in GC section 17519, that incurs increased costs as a result of this mandate is eligible to claim for reimbursement. Charter schools are not eligible to claim for reimbursement. Separate claiming instructions were issued for community colleges. Refer to Public Contracts (K-14) for community colleges, program 336.

### **Reimbursement Claim Deadline**

Claims for fiscal year **2013-14** may be filed with the SCO by **February 17, 2015**, without a late claim penalty. **Claims filed more than one year after the filing date will not be accepted.**

### **Penalty**

- **Initial Claims**

When filed within one year of the initial filing deadline, claims are assessed a late penalty of 10% of the total amount of the initial claim without limitation pursuant to GC section 17561, subdivision (d)(3).

- **Annual Reimbursement Claim**

When filed within one year of the annual filing deadline, claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty, pursuant to GC section 17568.

### **Minimum Claim Cost**

GC section 17564, subdivision (a), provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds **\$1,000**, even if the individual school district's claim does not each exceed **\$1,000**. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement will be allowed except as otherwise allowed by GC section 17564. The county superintendent of schools will determine if the submission of the combined claim is economically feasible and be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate will only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least 180 days prior to the deadline for filing the claim.

### **Reimbursement of Claims**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

### **Audit of Costs**

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the CSM. If any adjustments are made to a claim, the claimant will be notified of the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the SCO to initiate an audit will commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

### **Record Retention**

All documentation to support actual costs claimed must be retained for a period of three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

### **Claim Submission**

Submit a signed original Form FAM-27 and one copy with required documents. **Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.**

Mandated costs claiming instructions and forms are available online at the SCO's website: **[www.sco.ca.gov/ard\\_mancost.html](http://www.sco.ca.gov/ard_mancost.html)**.

Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 700  
Sacramento, CA 95816

If you have any questions, you may email **[LRSDAR@sco.ca.gov](mailto:LRSDAR@sco.ca.gov)** or call the Local Reimbursements Section at (916) 324-5729.

Adopted: September 28, 2012

## **PARAMETERS AND GUIDELINES**

Public Contract Code Sections 3300, 7104, 20103.5, 20104, 20104.2, 20104.50, and 22300

Statutes 1985, Chapter 1073; Statutes 1988, Chapter 1408; Statutes 1989, Chapter 330;  
Statutes 1990, Chapter 1414; Statutes 1992, ch. 799; and Statutes 1994, Chapter 726.

Business and Professions Code Section 7028.15

Statutes 1990, Chapter 321

California Code of Regulations, Title 5, Sections 59504, 59505, 59506, and 59509

Register 1994, Number 6

*Public Contracts (K-14)*  
02-TC-35

### **I. SUMMARY OF THE MANDATE**

This test claim addresses public contract requirements imposed on school districts and community college districts when they contract for goods, services, and public works projects.

On May 25, 2012, the Commission on State Mandates (Commission) adopted a statement of decision finding that some of the test claim statutes and regulations impose a reimbursable state-mandated program upon school districts and community college districts, in specified circumstances, within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved this test claim for the reimbursable activities found under Section IV. Reimbursable Activities.

### **II. ELIGIBLE CLAIMANTS**

Any “school district” as defined in Government Code section 17519, *excluding* county offices of education, is eligible to claim reimbursement.

### **III. PERIOD OF REIMBURSEMENT**

Government Code section 17557(e), states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. Clovis Unified School District and Santa Monica Community College District filed the test claim on June 24, 2003, establishing eligibility for reimbursement for the 2001-2002 fiscal year. Therefore, costs incurred for this mandate are eligible for reimbursement on or after July 1, 2001.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.

3. Pursuant to Government Code section 17560(a), a school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Government Code section 17560(b).)
5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564(a).
6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

#### **IV. REIMBURSABLE ACTIVITIES**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable to and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Claimants may use time studies to support salary and benefit costs when an activity is task-repetitive. Activities that require varying levels of efforts are not appropriate for time studies. Claimants wishing to use time studies to support salary and benefit costs are required to comply with the State Controller's Time-Study Guidelines before a time study is conducted. Time study usage is subject to the review and audit conducted by the State Controller's Office.

For each eligible claimant that incurs increased costs, the following activities are reimbursable, but only when those activities are triggered by repair or maintenance to school facilities and property, pursuant to Education Code sections 17002, 17565, 17593, and 81601, and when the repair and maintenance must be let to contract under the following circumstances:

1. For *K-12 school districts*, when repairs and maintenance do not constitute a public project as defined by Public Contract Code section 22002(c), and the repairs and maintenance are

not an emergency as set forth in Public Contract Code section 20113 or made to a project previously funded by the School Facilities Program (Ed. Code, § 17070.10 et seq.);<sup>1</sup> and

- a. for repairs, and maintenance as defined by Public Contract Code section 20115, that exceed \$50,000; unless
  1. the district has an average daily attendance of less than 35,000, and the total number of hours on the job does not exceed 350 hours; or
  2. the district has an average daily attendance of 35,000 or greater, and the total number of hours on the job does not exceed 750 hours, or the material cost does not exceed \$21,000.
2. For *K-12 school districts*, when repairs and maintenance constitute a public project as defined by Public Contract Code section 22002(c), and the project is not an emergency as set forth in Public Contract Code section 20113 or repair and maintenance made to a project previously funded by the School Facilities Program (Ed. Code, § 17070.10 et seq.);<sup>2</sup> and
  - a. for repair and maintenance public projects that exceed \$15,000; unless
    1. the district has an average daily attendance of less than 35,000, and the total number of hours on the job does not exceed 350 hours; or
    2. the district has an average daily attendance of 35,000 or greater, and the total number of hours on the job does not exceed 750 hours, or the material cost does not exceed \$21,000.
3. For *community college districts*, when repairs and maintenance do not constitute a public project as defined by Public Contract Code section 22002(c), and the repairs and maintenance are not an emergency as set forth in Public Contract Code section 20654; and
  - a. for repairs, and maintenance as defined by Public Contract Code section 20656, that exceed \$50,000; unless
    1. the district has full-time equivalent students of fewer than 15,000, and the total number of hours on the job does not exceed 350 hours; or
    2. the district has full-time equivalent students of 15,000 or more, and the total number of hours on the job does not exceed 750 hours, or the material cost does not exceed \$21,000.
4. For *community college districts*, when repairs and maintenance constitute a public project as defined by Public Contract Code section 22002(c), and the project is not an emergency as set forth in Public Contract Code section 20654; and
  - a. for repair and maintenance public projects that exceed \$15,000; unless

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<sup>1</sup> “Project” as used in relation to the School Facilities Program includes the acquisition of school sites, construction of new facilities, and modernization of existing school facilities.

<sup>2</sup> *Ibid.*

1. the district has full-time equivalent students of fewer than 15,000, and the total number of hours on the job does not exceed 350 hours; or
  2. the district has full-time equivalent students of 15,000 or more, and the total number of hours on the job does not exceed 750 hours, or the material cost does not exceed \$21,000.
5. For any K-12 school district or community college district that is subject to the Uniform Public Construction Cost Accounting Act (Pub. Contract Code, § 22000 et seq.), when a project is not an emergency as set forth in Public Contract Code section 22035 or repair and maintenance made to a *K-12 school district* project previously funded by the School Facilities Program (Ed. Code, § 17070.10 et seq.);<sup>3</sup> and
- a. for contracts entered into between July 1, 2001 and January 1, 2007, the project cost will exceed \$25,000;
  - b. for contracts entered into between January 1, 2007 and January 1, 2012, the project cost will exceed \$30,000; or
  - c. for contracts entered into after January 1, 2012, the project cost will exceed \$45,000.

Under the circumstances specified above, the following activities are reimbursable:

For K-12 School Districts and Community College Districts

1. Specify the classification of the contractor's license, which a contractor shall possess at the time a contract for repair or maintenance is awarded, in any plans prepared for a repair or maintenance public project and in any notice inviting bids required pursuant to the Public Contract Code. (Pub. Contract Code, § 3300(a) (Stats. 1985, ch. 1073).)
2. Include in any public works contract for repair and maintenance, which involves digging trenches or other excavations that extend deeper than four feet below the surface, a clause that provides the following:
  - (a) That the contractor shall promptly, and before the following conditions are disturbed, notify the local public entity, in writing, of any:
    - (1) Material that the contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law.
    - (2) Subsurface or latent physical conditions at the site differing from those indicated by information about the site made available to bidders prior to the deadline for submitting bids.
    - (3) Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the contract.

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<sup>3</sup> *Ibid.*

- (b) That the local public entity shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in the contractor's cost of, or the time required for, performance of any part of the work shall issue a change order under the procedures described in the contract.
- (c) That, in the event that a dispute arises between the local public entity and the contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in the contractor's cost of, or time required for, performance of any part of the work, the contractor shall not be excused from any scheduled completion date provided for by the contract, but shall proceed with all work to be performed under the contract. The contractor shall retain any and all rights provided either by contract or by law which pertain to the resolution of disputes and protests between the contracting parties.

(Pub. Contract Code, § 7104 (Stats. 1989, ch. 330).)

3. Set forth the provisions of Article 1.5 of Chapter 1 of Part 3 of the Public Contract Code (commencing with Pub. Contract Code, § 20104), or a summary thereof, in the plans or specifications for any public work for repair and maintenance which may give rise to a claim of \$375,000 or less which arise between a contractor and a K-12 school district or community college district, excluding those districts that elect to resolve claims pursuant to Article 7.1 (commencing with section 10240) of Chapter 1 of Part 2 of the Public Contract Code. (Pub. Contract Code, § 20104(c) (Stats. 1994, ch. 726).)<sup>4</sup>
4. For claims of less than \$50,000 resulting from a public works contract for repair or maintenance, respond in writing to any written claim within 45 days of receipt of the claim. (Pub. Contract Code, § 20104.2(b)(1) (Stats. 1994, ch. 726).)
5. For claims of more than \$50,000 and less than or equal to \$375,000 resulting from a public works contract for repair or maintenance, respond in writing to any written claim within 60 days of receipt of the claim. (Pub. Contract Code, § 20104.2(c)(1) (Stats. 1994, ch. 726).)
6. Upon demand by a contractor disputing a K-12 school district's or community college district's response to a claim, schedule and engage in a meet and confer conference within 30 days for settlement of the dispute. (Pub. Contract Code, § 20104.2(d) (Stats. 1994, ch. 726).)
7. Review each payment request from a contractor for repair and maintenance as soon as practicable after the receipt of the request to determine if the payment request is a proper

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<sup>4</sup> "Claim," as used in activities "3. – 6.," is defined by Public Contract Code section 20104(b)(2) is defined as:

[A] separate demand by the contractor for (A) a time extension, (B) payment of money or damages arising from work done by, or on behalf of, the contractor pursuant to the contract for a public work and payment of which is not otherwise expressly provided for or the claimant is not otherwise entitled to, or (C) an amount the payment of which is disputed by the local agency.



payment request. “As soon as practicable” is limited by the seven day period in the activity mandated by Public Contract Code section 20104.50(c)(2). (Pub. Contract Code, § 20104.50(c)(1) (Stats. 1992, ch. 799).)

8. Return to the contractor for repair and maintenance any payment request determined not to be a proper payment request suitable for payment as soon as practicable, but no later than seven days after receipt of the request.

A returned request shall be accompanied by a document setting forth in writing the reasons why the payment request is not proper. (Pub. Contract Code, § 20104.50(c)(2) (Stats. 1992, ch. 799).)

9. Require the provisions of Article 1.7, Chapter 1, Part 3, Division 2 of the Public Contract Code (Pub. Contract Code, § 20104.50), or a summary thereof, to be set forth in the terms of any repair and maintenance contract. (Pub. Contract Code, § 20104.50(f) (Stats. 1992, ch. 799).)
10. In any invitation for bid and in any repair and maintenance contract documents, include provisions to permit the substitution of securities for any moneys withheld by a public agency to ensure performance under a contract. This excludes invitations for bid and contract documents for projects where there will be financing provided by the Farmers Home Administration of the United States Department of Agriculture pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. Sec. 1921 et seq.), and where federal regulations or policies, or both, do not allow the substitution of securities. (Pub. Contract Code, § 22300(a) (Stats. 1988, ch. 1408).)
11. Before awarding a repair and maintenance contract to a contractor for a project that *is not* governed by Public Contract Code section 20103.5 (which addresses projects that involve federal funds), verify with the Contractors’ State Licensing Board that the contractor was properly licensed when the contractor submitted the bid. (Bus. & Prof. Code, § 7028.15(e) (Stats. 1990, ch. 321).)
12. Before making the first payment for work or material to a contractor under any repair and maintenance contract for a project where federal funds are involved, verify with the Contractors’ State Licensing Board that the contract was properly licensed at the time that the contract was awarded to the contractor. (Pub. Contract Code, § 20103.5 (Stats. 1990, ch. 1414).)

#### For Community College Districts Only

1. Undertake appropriate efforts to provide participation opportunities for minority, women, and disabled veteran business enterprises in district contracts for repair and maintenance. Appropriate efforts may include: (1) vendor and service contractor orientation programs related to participating in district contracts or in understanding and complying with the provisions of California Code of Regulations, title 5, section 59500 et seq.; (2) developing a listing of minority, women, and disabled veteran business enterprises potentially available as contractors or suppliers; or (3) such other activities that may assist interested parties in being considered for participation in district contracts.

Appropriate activity does not include the application of the systemwide goals established in California Code of Regulations, title 5, section 59500 to district contracts. (Cal. Code Regs., tit. 5, § 59504 (Register 94, No. 6).)

2. Assess the status of each of its contractors regarding whether a contractor is a certified or self-certified minority, women, and disabled veteran business enterprise subcontractor and/or supplier. (Cal. Code Regs., tit. 5, §§ 59505(d) and 59509 (Register 94, No. 6), beginning July 1, 2001 through April 13, 2006.)
3. Establish a process to collect and retain certification information by a business enterprise claiming minority, women, and disabled veteran business enterprise status. (Cal. Code Regs., tit. 5, §§ 59506(a) and 59509 (Register 94, No. 6), beginning July 1, 2001 through April 13, 2006.)
4. Each October 15, report to the Chancellor the level of participation by minority, women, and disabled veteran business enterprises in community college district contracts for repair and maintenance for the previously completed fiscal year. (Cal. Code Regs., tit. 5, § 59509 (Register 94, No. 6), beginning July 1, 2001 through March 31, 2005.)

## **V. CLAIM PREPARATION AND SUBMISSION**

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV. Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

### **A. Direct Cost Reporting**

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

#### **1. Salaries and Benefits**

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

#### **2. Materials and Supplies**

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

#### **3. Contracted Services**

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

#### 4. Fixed Assets

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

#### 5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1., Salaries and Benefits, for each applicable reimbursable activity.

### B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs may include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs; and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts must use the California Department of Education approved indirect cost rate for the year that funds are expended.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

## **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>5</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV., must be retained during the period subject to audit. If an audit has been initiated by

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<sup>5</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

## **VII. OFFSETTING REVENUES AND REIMBURSEMENTS**

Any offsets the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. The Commission finds that any funds received and applied to the reimbursable activities by a school district or community college district from the following grant and fee programs shall be deducted as offsetting revenue:

- Funds received by K-12 school districts from the State School Facilities Program modernization grants<sup>6</sup> for non-routine repairs and maintenance. If a K-12 school district has received financial hardship assistance of 100 percent of the project, pursuant to Education Code section 17075.10 et seq., and California Code of Regulations, title 5, section 1859.80 et seq., the modernization grant shall completely offset the reimbursable costs under this test claim for that project.
- Funds received by K-12 school districts from the State School Deferred Maintenance Program.<sup>7</sup>
- Fee revenue received by K-12 schools district pursuant to Education Code section 17620 that can be used for the repair and maintenance projects subject to the reimbursable activities in this test claim.
- Funds received from the Community Colleges Deferred Maintenance and Special Repair Program<sup>8</sup> by a community college district for repairs and maintenance that are unusual and nonrecurring work to restore a facility to a safe and continually usable condition for which it was intended.

In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

## **VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS**

Pursuant to Government Code section 17558(b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 90 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561(d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

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<sup>6</sup> Education Code section 17074.10-17074.30.

<sup>7</sup> Education Code section 17582-17588.

<sup>8</sup> Education Code section 84660.

## **IX. REMEDIES BEFORE THE COMMISSION**

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557(d), and California Code of Regulations, title 2, section 1183.2.

## **X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES**

The statements of decision adopted for the test claim and parameters and guidelines are legally binding on all parties and provide the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record. The administrative record is on file with the Commission.

<b>PUBLIC CONTRACTS (K-14) CLAIM FOR PAYMENT</b>			<b>For State Controller Use Only</b>	<b>PROGRAM  335</b>
(19) Program Number 00335 (20) Date Filed (21) LRS Input				
(01) Claimant Identification Number			<b>Reimbursement Claim Data</b>	
(02) Claimant Name			(22) FORM 1, (04) A. (f)	
County of Location			(23) FORM 1, (04) B. (f)	
Street Address or P.O. Box		Suite	(24) FORM 1, (04) C. (f)	
City	State	Zip Code	(25) FORM 1, (04) D. (f)	
		<b>Type of Claim</b>	(26) FORM 1, (04) E. (f)	
		(03) (09) Reimbursement <input type="checkbox"/>	(27) FORM 1, (04) F. (f)	
		(04) (10) Combined <input type="checkbox"/>	(28) FORM 1, (04) G. (f)	
		(05) (11) Amended <input type="checkbox"/>	(29) FORM 1, (04) H. (f)	
Fiscal Year of Cost	(06)	(12)	(30) FORM 1, (06)	
Total Claimed Amount	(07)	(13)	(31) FORM 1, (07)	
Less: 10% Late Penalty (refer to attached Instructions)		(14)	(32) FORM 1, (09)	
Less: Prior Claim Payment Received		(15)	(33) FORM 1, (10)	
Net Claimed Amount		(16)	(34)	
Due from State	(08)	(17)	(35)	
Due to State		(18)	(36)	
<p><b>(37) CERTIFICATION OF CLAIM</b></p> <p>In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the school district or county office of education to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 of the Government Code.</p> <p>I further certify that there was no application other than from the claimant, nor any grant(s) or payment(s) received, for reimbursement of costs claimed herein; claimed costs are for a new program or increased level of services of an existing program; and claimed amounts do not include charter school costs, either directly or through a third party. All offsetting revenues and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.</p> <p>The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.</p> <p>I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Signature of Authorized Officer</p>    <p>_____</p> <p>Type or Print Name and Title of Authorized Signatory</p> </div> <div style="width: 45%;"> <p>Date Signed _____</p> <p>Telephone Number _____</p> <p>Email Address _____</p> </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>(38) Name of Agency Contact Person for Claim</p>    <p>_____</p> <p>Name of Consulting Firm / Claim Preparer</p> </div> <div style="width: 45%;"> <p>Telephone Number _____</p> <p>E-mail Address _____</p> <p>Telephone Number _____</p> <p>Email Address _____</p> </div> </div>				

**PROGRAM**  
**335**

**PUBLIC CONTRACTS (K-14)**  
**CLAIM FOR PAYMENT**  
**INSTRUCTIONS**

**FORM**  
**FAM-27**

- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, State, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate Form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown on Form 1, line (11). The total claimed amount must exceed \$1,000; minimum claim must be \$1,001.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15**, or otherwise specified in the claiming instructions following the fiscal year in which costs were incurred. Claims filed after the specified date must be reduced by a late penalty. Enter zero if the claim was filed on time. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: Form FAM-27 line (13) multiplied by 10%, without limitation; or
  - Late Annual Reimbursement Claims: Form FAM-27 line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form 1, (04) A. (f), means the information is located on Form 1, line (04) A column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, date signed, telephone number, and email address. **Claims cannot be paid unless accompanied by an original signed certification. (Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.)**
- (38) Enter the name, telephone number, and email address of the agency contact person for the claim. If the claim was prepared by a consultant, type or print the name of the consulting firm, the claim preparer, telephone number, and email address.

**SUBMIT A SIGNED ORIGINAL FORM FAM-27 AND ONE COPY WITH ALL OTHER FORMS TO:**

***Address, if delivered by U.S. Postal Service:***

**OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250**

***Address, if delivered by other delivery service:***

**OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 700  
Sacramento, CA 95816**

<b>PROGRAM</b> <b>335</b>	<b>PUBLIC CONTRACTS (K-14)</b> <b>CLAIM SUMMARY</b>					<b>FORM</b> <b>1</b>		
(01) Claimant			(02)		Fiscal Year 20__ / 20__			
(03) Leave Blank								
<b>Direct Costs</b>			<b>Object Accounts</b>					
			(a)	(b)	(c)	(d)	(e)	(f)
(04) Reimbursable Activities			Salaries and Benefits	Materials and Supplies	Contract Services	Fixed Assets	Travel	Total
A. Specify classification of contractor's license (Pub. Contract Code, § 3300)								
B. Include clause in public works contract (Pub. Contract Code, § 7104)								
C. Set provisions in plans of public work (Pub. Contract Code, § 20104)								
D. Respond to claims, schedule and engage in a meet and confer conference (Pub. Contract Code, § 20104.2)								
E. Review payment request, returned request and provisions (Pub. Contract Code, § 20104.50)								
F. Include provisions in invitation for bid (Pub. Contract Code, § 22300)								
G. Before awarding, verify license (Bus. & Prof. Code, § 7028.15)								
H. Before first payment, verify license (Pub. Contract Code, § 20103.5)								
(05) Total Direct Costs								
<b>Indirect Costs</b>								
(06) Indirect Cost Rate					[Refer to Claim Summary Instructions]		%	
(07) Total Indirect Costs					[Line (05)(f) - line (05)(d) - \$ <span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px; vertical-align: middle;"></span> ] x line (06)			
(08) Total Direct and Indirect Costs					[Line (05)(f) + line (07)]			
<b>Cost Reduction</b>								
(09) Less: Offsetting Revenues					[Refer to Claim Summary Instructions]			
(10) Less: Other Reimbursements								
(11) Total Claimed Amount					[Line (08) - {(line (09) + line (10))}]			



<b>PROGRAM</b> <b>335</b>	<b>PUBLIC CONTRACTS (K-14)</b> <b>CLAIM SUMMARY</b> <b>INSTRUCTIONS</b>	<b>FORM</b> <b>1</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year of costs.
- (03) Leave blank.
- (04) For each reimbursable activity, enter the total amount from Form 2, line (05), columns (d) through (h) to Form 1, block (04), columns (a) through (e) in the appropriate row.
- (05) Total columns (a) through (f).
- (06) Enter the indirect cost rate from the California Department of Education approved indirect cost rate for the year that funds are expended.
- (07) From the Total Direct Costs, line (05)(f), deduct Total Fixed Assets, line (05)(d) and any other item excluded from indirect cost distribution base in accordance with CSAM Procedure 915. Enter zero if there are no exclusions. Multiply the result by the Indirect Cost Rate, line (06).
- (08) Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Enter the following funds received by:
- (1) K-12 school districts from the State School Facilities Program modernization grants for non-routine repairs and maintenance. If a K-12 school district has received financial hardship assistance of 100 percent of the project, pursuant to Education Code section 17075.10 et seq., and California Code of Regulations, title 5, section 1859.80 et seq., the modernization grant shall completely offset the reimbursable costs under this test claim for that project.
- (2) K-12 school districts from the State School Deferred Maintenance Program.
- (3) Fee revenue received by K-12 schools district pursuant to Education Code section 17620 that can be used for the repair and maintenance projects subject to the reimbursable activities in this test claim.
- If applicable, enter any revenue received by the claimant for this mandate from any state or federal source.
- (10) If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Revenues, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to Form FAM-27, line (13) for the Reimbursement Claim.

<b>PROGRAM</b> <b>335</b>	<b>PUBLIC CONTRACTS (K-14)</b> <b>ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>2</b>
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(01) Claimant	(02) Fiscal Year 20__ / 20__
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(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

<input type="checkbox"/> A. Specify classification of contractor's license	<input type="checkbox"/> D. Respond to claims, schedule and engage in a meet and confer conference	<input type="checkbox"/> G. Before awarding, verify license
<input type="checkbox"/> B. Include clause in public works contract	<input type="checkbox"/> E. Review payment request, returned request and provisions	<input type="checkbox"/> H. Before first payment, verify license
<input type="checkbox"/> C. Set provisions in plans of public work	<input type="checkbox"/> F. Include provisions in invitation for bid	

(04) Description of Expenses			Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel
(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ____ of ____							

<b>PROGRAM</b> <b>335</b>	<b>PUBLIC CONTRACTS (K-14)</b> <b>ACTIVITY COST DETAIL</b> <b>INSTRUCTIONS</b>	<b>FORM</b> <b>2</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs were incurred.
- (03) Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 must be prepared for each applicable activity.
- (04) The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries and Benefits</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked or Total Contract Cost			Copy of Contract and Invoices
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage		
<b>Travel</b>	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode					Total Travel Cost = Rate x Days or Miles	

- (05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form 1, block (04), columns (a) through (e) in the appropriate row.